



# County of Los Angeles CHIEF EXECUTIVE OFFICE

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May 15, 2008

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From: William T Fujioka  
Chief Executive Officer

## SACRAMENTO UPDATE - GOVERNOR'S MAY BUDGET REVISION

### Fiscal Condition

The Governor's May Revision, which was released yesterday, revealed that the State's fiscal condition has continued to deteriorate since the release of the Governor's Proposed Budget for FY 2008-09 in January. The May Revision identifies a \$17.2 billion budget deficit through the end of the budget year.

According to the Administration, the State faces an overall deficit of \$24.3 billion over the two year period covering the current and budget years. While the Governor anticipated a \$14.5 billion deficit in January, the shortfall deepened for a number of reasons including a \$6.0 billion decline in personal income, capital gains and corporate tax revenues which the Administration attributes to the housing downturn and the struggling economy, and a \$1.6 billion increase in program expenditures due to higher caseload growth and erosion of anticipated potential savings due to delays in the adoption of previous reduction proposals. These changes are illustrated in the table below including the Legislative Special Session reductions.

\$ 14.5 billion - Governor's Proposed Budget projected deficit
6.0 billion - Decline in State revenue projections
1.6 billion - Anticipated expenditure increases
0.2 billion - Prison health receiver costs
2.0 billion - Proposed reserve
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\$ 24.3 billion - Overall potential deficit
7.1 billion - Less Special Session actions
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\$ 17.2 billion - Projected budget deficit

### **Governor's Budget Solutions**

To address the budget deficit, the May Revision retains the 10 percent across-the-board budget reductions of \$9.3 billion included in the Governor's Proposed Budget; proposes to issue bonds by securitizing \$15 billion in future State lottery revenues, subject to voter approval, of which \$5.1 billion would be used in FY 2008-09; adds program reductions to health and social services programs in the amount of \$627 million; and proposes various other solutions totaling \$2.2 billion. If enacted, the Governor's proposed solutions would eliminate the budget gap and allow for a \$2.0 billion budget reserve by the end of FY 2008-09.

It is important to note that many of the budget solutions are one-time in nature, would add future costs to the State General Fund, and would not solve the State's structural budget deficit. Some examples include the sale of \$3.3 billion in additional deficit financing bonds, a \$1.5 billion suspension of the transfer to the Budget Stabilization Account established by Proposition 58, and \$650 million in borrowing and transfers from various special funds to be repaid by FY 2010-11. In addition, the proposed securitization of future lottery revenues would only provide funds for a three-year period.

As part of the May Revision, the Governor restated his support for a proposed Constitutional Amendment, the Budget Stabilization Act (BSA), which proposes to address the State's ongoing fiscal problems by limiting spending and granting the Governor authority to make mid-year reductions to reduce the likelihood of future budget deficits. The BSA would limit spending to the State's 10-year average revenue growth with revenues in excess of the average being set aside in the Revenue Stabilization Fund (RSF) which could only be used to help balance the State's Budget when revenue growth falls below the long-term average. The proceeds from the securitization of the lottery are intended to be deposited as additional resources into the RSF.

In addition to the BSA proposal, the Governor plans to issue an Executive Order that would establish a bipartisan Tax Modernization Commission of legislative and gubernatorial appointees to make recommendations to stabilize State revenue sources, align the tax system with the current economy, and improve the State's economic competitiveness.

In order to ensure the RSF receives \$5.1 billion in FY 2008-09, the Governor has proposed a one percent increase in the sales tax rate which would be activated if the ballot measure allowing the securitization of the lottery revenues is defeated, or if lottery revenues fail to meet specific projections. The sales tax would be in effect until June 30, 2011, or until the RSF reaches 15 percent of the State General Fund revenues, whichever occurs first.

### **Impact of May Revision On the County**

As reported in our February 1, 2008 Sacramento Update, the actions included in the Governor's Proposed Budget would have resulted in a loss of \$276.3 million to the County. Of this amount, the major losses included:

- \$113.0 million reduction in cash assistance payments to CalWORKS recipients and could result in increased costs from the shift of these recipients to the County's General Relief Program;
- \$ 50.1 million in Medi-Cal Administration;
- \$ 25.6 million in Child Welfare Services Administration;
- \$ 24.4 million in Federal Safety Net Care Pool Payments/South Los Angeles Preservation Funds;
- \$ 23.7 million reduction in the Early Periodic Screening, Diagnosis and Treatment Program; and
- \$ 12.7 million in Medi-Cal Provider and Managed Care rates.

All of these reductions, and others shown in Attachment I, were retained in the Governor's May Revision.

**Based on our initial review of the May Revision, we estimate that the impact to the County will increase by an estimated \$55.4 million to a total loss of \$331.7 million in FY 2008-09.** The increase is primarily attributable to new proposals to reduce funding and eligibility for social services programs including the following:

- \$48.6 million from reduced State participation in In-Home Supportive Services (IHSS) wages, if the County maintains the existing IHSS wage rate, which would be a significant Board policy decision. However, the agreement between the Personal Assistance Services Council and the County stipulates that in the event the State's share of the IHSS wage is unavailable, the County's obligation for any wage above minimum wage could be terminated.
- \$13.7 million for increased costs to the County General Relief Program from the elimination of the Cash Assistance Program for Immigrants.
- \$14.0 million from the delayed payment for deferred State mandate costs incurred prior to FY 2003-04.

These reductions are partially offset by an \$18.4 million cost reimbursement of the 2008 Presidential Primary Election.

Attachment I provides a comparison of the estimated impact of the Governor's January and May Budget proposals on the County by program. Please note that the table only

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illustrates the potential loss/gain of State funding, and it does not reflect a definite impact on the County.

Attachment II is a detailed analysis that repeats the Governor's Proposed Budget recommendation and then notes the May Revision recommendations in bold print.

**Pursuit of Position On Budget Items**

Consistent with our advocacy efforts on budget recommendations included in the Governor's Proposed Budget, and based on general policy to seek restoration of State Budget reductions and other policies included in the Board-approved State Legislative Agenda for FY 2007-08, **our Sacramento advocates will focus their efforts on mitigating these adverse impacts on County programs.**

We will continue to keep you advised.

WTF:GK  
MAL:MR:IGA:lm

Attachments

c: All Department Heads

**ESTIMATED IMPACT TO LOS ANGELES COUNTY  
FROM THE GOVERNOR'S FY 2008-09 PROPOSED BUDGET**

<b><u>Programs:</u></b>	<b><u>January Budget</u></b>	<b><u>May Revision</u></b>
<b><u>Health</u></b>		
Medi-Cal Provider and Managed Care Rates	(\$12,714,000)	(\$12,714,000)
Federal Safety Net Care Pool Payments/South L.A. Preservation Fund	(24,393,000)	(24,393,000)
<b><u>Public Health</u></b>		
HIV/AIDS Treatment and Prevention	(1,000,000)	(1,000,000)
Family and Health Programs	(202,000)	(202,000)
Alcohol and Other Drug Programs	(6,628,000)	(6,628,000)
Proposition 36 Program/Offender Treatment Program	(3,049,000)	(3,049,000)
Other State-Funded Programs	(1,427,000)	(1,427,000)
Children's Medical Services	(4,500,000)	(4,500,000)
Tuberculosis Control Program	(151,000)	(151,000)
Immunization Program	(827,000)	(827,000)
<b><u>Mental Health</u></b>		
Early and Periodic Screening, Diagnosis and Treatment Program	(23,100,000)	(23,100,000)
Mental Health Managed Care Program	(7,140,000)	(7,140,000)
<b><u>Social Services</u></b>		
Cash Assistance Program for Immigrants Shift to County GR Program	0	(13,700,000)
Child Welfare Services Administration	(25,600,000)	(25,600,000)
Payments to Foster Care Providers Savings	18,200,000	18,200,000 <sup>(1)</sup>
Adult Protective Services Administration	(2,600,000)	(2,600,000)
Medi-Cal Administration	(50,100,000)	(50,100,000) <sup>(1)</sup>
In-Home Supportive Services (IHSS) Administration	(8,500,000)	(7,600,000)
In-Home Supportive Services Program Savings	23,000,000	23,000,000 <sup>(1)</sup>
Reduced State Participation in IHSS Wages	0	(48,600,000)
CalWORKs Program Reforms	(113,000,000)	(113,000,000) <sup>(1)</sup>
<b><u>Justice and Public Safety</u></b>		
Juvenile Probation Camp Funding	(8,000,000)	(8,000,000)
Juvenile Justice Crime Prevention Act (JJCPA) Program	(3,300,000)	(3,300,000)
Citizens Option for Public Safety (COPS) Program:	(1,000,000)	(1,000,000)
<b><u>General Government</u></b>		
Delay of Third Installment of the Deferred Mandate Payments	0	(14,000,000)
February 2008 Presidential Primary Election	(20,000,000)	0
Public Library Fund	(190,000)	(190,000)
Military and Veteran Affairs Programs	(29,000)	(29,000)
Subventions for Open Space (Williamson Act)	(4,000)	(4,000)
<b>Total</b>	<b>(\$276,254,000)</b>	<b>(\$331,654,000)</b>

## Notes:

(1) Potential impact may change pending further analysis.

*This table represents the estimated loss/gain of State funds based upon the Governor's January and May Revision Budget proposals. It does not reflect the actual impact on the County or a department which may assume a different level of State funding or be able to offset lost revenue.*

**GOVERNOR'S FY 2008-09 MAY REVISION  
ITEMS OF COUNTY INTEREST**

**General Government**

**Mandates.** Pursuant to the provisions of Proposition 1A, the Protection of Local Government Revenues Act of 2004, local government mandate reimbursements remained exempted from the Governor's budget balancing reductions. The Governor's Budget included \$139 million for reimbursement claims for mandated costs incurred prior to July 1, 2007. However, \$75 million in advanced payments for estimated claims was eliminated which will delay reimbursement until actual claims are reimbursed in FY 2009-10.

**Deferred Mandate Payments.** The May Revision proposes an additional decrease of \$75 million in payments reflecting a delay of the third installment of past deferred claims for mandated costs incurred prior to FY 2003-04. These payments must be fully repaid by FY 2020-21. The impact to the County is a delay of an anticipated \$14 million payment.

**February 2008 Presidential Primary Election.** The Governor's Proposed Budget excluded funding to conduct the February 2008 Presidential Primary Election. Intent to reimburse counties for the cost of this election was provided for in SB 113 (Chapter 2, Statutes of 2007). The California State Association of Counties (CSAC) provided the costs of the elections to the Department of Finance, including a County cost of \$18.4 million. Our prior estimate of the cost of this election was reported at \$20 million. **According to the Department of Finance, the May Revision includes \$89.6 million in funding to offset the cost of the February 2008 Presidential Primary Election. We will continue to work with the State to verify the actual reimbursement that will be provided to the County.**

**Elections.** The May Revision retains the Governor's Budget proposal to include \$42.3 million in Federal funds for the Secretary of State to continue the implementation of the Help America Vote Act (HAVA). Of this amount, \$38.8 million is designated to implement the VoteCal voter database system and \$3.5 million was designated for other HAVA activities including assistance for disabled voters, voter education, voting systems and certification, interim voting systems, and administration.

**California State Library.** The May Revision retains the Governor's Budget proposal to reduce funding by \$5.1 million for State support to local libraries. The reduction includes: \$1.6 million related to State operations; \$1.4 million in the transaction-based reimbursement program; \$1.4 million in the Public Library Foundation Program; and \$700,000 in other programmatic reductions. The estimated impact to the County is \$190,000.

**Military and Veteran Programs.** The May Revision retains the Governor's Budget proposal to include \$9.4 million to the California Department of Veteran Affairs (CDVA) for the construction and activation phases of the Veterans Homes in West Los Angeles and Ventura County.

In addition, the May Revision retains the Governor's Budget proposal to reduce funding by \$523,000 within the CDVA for veterans' claims and subvention to counties. The proposed reduction will impact outreach efforts and local assistance to the county veteran service offices. The estimated impact to the County is \$29,000.

**Food and Agriculture.** The May Revision retains the Governor's Budget proposal providing for an increase of \$7.5 million for the Border Inspections Program which will result in full funding (\$5.5 Million) for the High Risk Plant Pest Exclusion Program.

**Subventions for Open Space Act.** The May Revision retains the Governor's Budget proposal to reduce the Subventions for Open Space Act (Williamson Act) Tax Relief Program by \$3.9 million. The Williamson Act authorizes any city or county to enter into a contract with the owner of agricultural land for the purpose of preserving that land in accordance with the conditions established by the Act and that contract. The estimated impact on the County from this reduction is \$4,000.

## Health

**Medi-Cal Provider and Managed Care Rates.** The Governor's Proposed Budget reduced Medi-Cal provider rates by \$602.4 million for physicians and other medical and service providers, and made a proportionate reduction in Medi-Cal managed care rates.

The reductions in Medi-Cal provider rates for inpatient services do not affect the County. However, the reductions do affect Medi-Cal Cost-Based Reimbursement Clinic revenue and Managed Care Rate payments which the Department of Health Services (DHS) receives. The rate reduction for these two programs is estimated at \$12.7 million for directly operated health facilities. **The May Revision increases Medi-Cal fund rate adjustments by \$169.8 million for Medi-Cal managed health care plans, which is described as the minimum amount needed to ensure matching Federal funds. It is unclear if this further impacts the previously reported \$12.7 million loss for DHS facilities. If there is an impact, DHS indicates it will be minimal.**

**Federal Safety Net Care Pool Payments/South L.A. Preservation Fund.** The May Revision retains the Governor's Budget proposal to shift \$54.2 million of Federal Safety Net Care Pool and the South L.A. Preservation Fund payments from designated public hospitals to the portions of the California Children's Services (CCS), Genetically Handicapped Persons, Medically Indigent Adult Long-Term Care, and Breast and Cervical Cancer Treatment programs, which are eligible for these funds. This shift will allow a corresponding reduction in the State General Fund for these programs. The estimated reduction to the County is \$24.4 million.

**Non-Medi-Cal Hospitals.** The Governor's Proposed Budget reduced reimbursement rates by \$30 million for hospitals that do not contract with Medi-Cal. This reduction does not affect the County. **The May Revision increases this reduction to private hospitals by \$11.3 million for a total of \$41.3 million.**

**Disproportionate Share Hospital (DSH) Payments.** The May Revision makes no changes to the Governor's Budget proposal to reduce DSH replacement payments by \$48 million for private hospitals. These payments are allocated to hospitals based on their uncompensated Medi-Cal and uninsured care costs. This reduction does not affect the County as it applies only to the private hospitals.

**Medi-Cal Optional Benefits.** The May Revision makes no changes to the Governor's Budget proposal to eliminate \$134 million in optional benefits for adults including incontinence creams and washes, acupuncture, dental, audiology, optometry, optical, chiropractic, podiatry, psychology, and speech therapy. While this proposal may directly impact the County, we are unable to estimate the impact at this time. These optional benefit cuts clearly will affect County clients.

**Managed Risk Medical Insurance Board (MRMIB) Healthy Families.** The Governor's Proposed Budget reduced MRMIB by \$41.9 million by reducing rates for Healthy Families Program plans, increasing premiums and co-pays, and instituting an annual cap on dental benefits. MRMIB administers the Healthy Families Program, as well as other programs which provide health care coverage to certain uninsured populations. The Healthy Families Program provides low-cost medical, dental and vision coverage to eligible children from birth to age 19. **The May Revision projects an expenditure increase of \$5.6 million for FY 2007-08 due to an increase in the capitation rate paid per enrollee. It projects an overall expenditure increase of \$5.8 million from the level anticipated in the Governor's Budget due to delays in enactment of mid-year Budget reductions. According to DHS, this will have a minimal impact on their budget.**

**Trauma Care Fund.** The May Revision does not restore the \$10 million funding allocation for trauma care services which was vetoed by the Governor in FY 2006-07. The Governor's Proposed Budget did not include trauma funding.

**Cigarette and Tobacco Products Surtax Fund – Proposition 99.** The May Revision decreases funding for the California Healthcare for Indigents Program (CHIP) and the Rural Health Services Program by \$3 million in FY 2007-08 and \$9.8 million in FY 2008-09. It is unclear if this is a full program elimination. DHS estimates an impact of up to a \$5.3 million reduction in CHIP.

### **Public Health**

**HIV/AIDS Treatment and Prevention.** The Governor's Proposed Budget reduced State support and local assistance by \$11 million for AIDS programs, including AIDS Education and Prevention, AIDS Epidemiology Studies and Surveillance, AIDS Drug



Assistance Program (ADAP), and HIV Counseling and Testing. The Budget indicated that at this reduced level of funding, the State will continue to meet the Federal maintenance-of-effort requirement for receipt of Ryan White Act funds. The estimated impact to the County is approximately \$1.0 million. **The May Revision includes \$325.3 million to fund ADAP in FY 2008-09.** The Department of Public Health is not currently able to determine the specific fiscal impact based on the information in the May Revision; however, there are no new programs or fiscal changes anticipated at this time.

**Family Health Programs.** The May Revision makes no changes to the Governor's Budget proposal to reduce State support and local assistance funding by \$5.4 million for case management services for at-risk teens, domestic violence prevention, and education activities including breastfeeding, nutrition, and Sudden Infant Death Syndrome risk reduction. The estimated impact to the County is \$202,000 which includes the loss of both State and related Federal funds.

**Local Chronic Disease Programs.** The May Revision makes no changes to the Governor's Budget proposal to reduce State support and local assistance funding by \$3.3 million for cancer and injury prevention surveillance activities, developing public health interventions, and monitoring environmental contaminants.

**Alcohol and Other Drug Programs.** The May Revision makes no change to the Governor's Budget proposal to reduce Alcohol and Other Drug Programs by \$16.1 million, primarily through a reduction in Drug Medi-Cal provider rates. The estimated impact to the County is \$6.6 million.

**Proposition 36.** The May Revision makes no changes to the Governor's Budget proposal to reduce funding by \$10 million for Proposition 36, the Substance Abuse and Crime Prevention Act of 2000. The estimated impact to the County is \$2.55 million.

The May Revision makes no changes to the Governor's Budget proposal to reduce the Substance Abuse Offender Treatment Program by \$2 million. The program contains some of the reforms of Proposition 36 of interest to the Administration, and requires a 10 percent County match. The estimated impact to the County is \$499,000.

**Other State-funded Programs.** The May Revision makes no changes to the Governor's Budget proposal to reduce funding by \$3 million for Drug Courts and \$2.3 million for the Non-Drug Medi-Cal Perinatal program. The impact to the County for Drug Court funding is estimated at \$643,000. This translates to a loss of 1,215 residential bed days and 195 outpatient slots. The impact to the Perinatal program is estimated at \$606,000. This translates to a loss of 1,411 residential bed days and 62 outpatient slots. A reduction in the State General Fund contributions is estimated to reduce funding to the County by \$178,000. The estimated impact includes a loss of 1,410 residential bed days and 12 outpatient slots.

**Children's Medical Services.** The Governor's Proposed Budget reduced Children's Medical Services by \$28.3 million, which includes the California Children's Services (CCS) Program, and the Child Health and Disability Program (CHDP).

The County's CCS program estimates these reductions will result in a \$1.8 million decrease in State General Fund for the program in FY 2008-09. Similarly, the Medical Therapy Program (MTP) will experience a \$315,000 reduction. The reduction in State General Funds will result in a decrease of \$2.7 million in Federal Funds (Title XIX), resulting in a combined impact to the County of \$4.5 million. The County CCS program serves one-third of the State CCS program's medically fragile clientele. The CCS population requires coordination of services provided by four major provider groups: medical/hospital, pharmaceutical/nutritional, medical supplies/equipment, and rehabilitative therapy. The impact on clients will be prolonged wait times for outpatient appointments, increased utilization of emergency rooms for unmet medical needs, overburdening of specialty clinics, and in some cases, failure to receive the required services.

The CHDP Program will experience a \$187,000 reduction in reimbursements in FY 2008-09 and a reduction of \$384,000 in Federal funds (Title XIX), for a total cost shift of \$571,000 to the County. Client services will be largely impacted as the program's provider base diminishes. **For FY 2007-08, the May Revision transfers \$3.4 million from Medi-Cal to CCS to address caseload growth and increased costs. The May Revision makes no change to the Governor's Budget proposal for FY 2008-09.**

**Tuberculosis (TB) Control Program and Food, Shelter, Incentives & Enablers (FSIE).** The May Revision makes no changes to the Governor's Budget proposal for ten percent reduction in FY 2008-09 through a decrease in the State TB Subvention grant award. The reduction of approximately \$151,000 will impact Community Health Services in the delivery of Directly Observed Therapy and the TB Control Program in the delivery of program assurance, assessment, and policy development.

A State funding reduction for FSIE will result in more costs being invoiced against County funds (\$300,000) designated for this program. In recent years, the State FSIE supported over 80 percent of the costs associated with delivery of FSIE. Use of County funds may increase from \$70,000 to \$100,000 per year.

**Immunization Program.** The May Revision makes no changes to the Governor's Budget proposal to reduce funding to the County by \$827,000 as part of a Statewide 10 percent funding reduction. Impacts include reductions to: implementation of Quality Improvement and Quality Assurance interventions with immunization providers and outreach efforts to immunization providers serving adolescents and adults; a decreased ability to evaluate remaining interventions and program activities; elimination of media campaigns in support of influenza vaccinations and National Infant Immunization Week/Toddler Immunization Month; and a reduction in the availability of educational and promotional materials.

## Mental Health

**Integrated Services for Homeless Adults with Serious Mental Illness (AB 2034 Program).** The May Revision does not restore program funding for the AB 2034 Program. The 2007 Budget Act eliminated \$54.9 million for this program which provides funding to local mental health agencies to act as the single point of responsibility for comprehensive services for individuals who are homeless or at risk of homelessness or incarceration and have a serious mental illness. This action resulted in a \$17 million loss of revenue to the County Department of Mental Health and the discontinuation of intensive mental health services to over 1,700 adults with severe mental illness throughout the County.

**Mental Health Managed Care.** The May Revision makes no changes to the Governor's Budget proposal to reduce \$23.8 million for Mental Health Managed Care primarily by eliminating the annual cost-of-living increase and reducing the non-inpatient State Maximum Allowance. The estimated impact to the County is a loss of \$7.1 million.

**Early and Periodic Screening, Diagnosis and Treatment (EPSDT) Program.** The Governor's Proposed Budget reduced funding for the EPSDT Program by \$46.3 million. The program provides comprehensive and preventive health services, including mental health services to Medi-Cal recipients under the age of 21. Reductions would be achieved by requiring prior authorization by mental health providers for EPSDT Program day treatment that exceeds six months, eliminating the annual cost-of-living increase, and reducing the non-inpatient State Maximum Allowance. The estimated loss to the County is \$23 million. **The May Revision includes an increase of \$113.1 million for FY 2008-09 due to a change from cash-based to accrual-based accounting in FY 2007-08. For FY 2008-09 there is a net increase in funding of \$31.1 million resulting from various adjustments in payments, including an increase of \$57.7 million due to a FY 2005-06 cost settlement. The Department of Mental Health is not currently able to determine the specific fiscal impact of these changes based on the information provided in the May Revision.**

## Social Services

**CalWORKs Reforms.** The May Revision retains the Governor's Budget proposals to reform the CalWORKs Program. However, due to changing the implementation date from July 1, 2008 to October 1, 2008, the State savings was revised down from \$389.1 million to \$362.5 million. The Governor's Budget proposals will result in the loss of \$113 million in cash assistance to CalWORKs recipients and could result in increased costs, ranging from \$47 million to \$113 million, from the shift of these recipients to the County's General Relief Program. Further analysis is needed to determine the budget and caseload impact for the revised implementation date. The proposed reforms include:

- **Graduated Full Family Sanction.** Reduces the child-only portion of the grant by 50 percent when the adult does not comply with work requirements for an accumulated total of six months. The case would be closed if the adult has a total of 12 months of non-compliance. We estimate this proposal may affect 6,310 families and 12,287 children in Los Angeles County.
- **Modified Safety Net Elimination.** Maintains the child-only CalWORKs grant beyond the 60-month time limit when an able-bodied adult meets the Federal work participation requirements. Safety net benefits would be eliminated if the adult does not meet the work participation requirements. This will potentially impact 13,551 families and 32,311 children.
- **Child-Only Benefits.** Limits child-only benefits to 60 months when the parent or caretaker is an undocumented non-citizen, a convicted drug felon or a fleeing felon. This will impact approximately 16,167 families and 39,377 children.

**CalWORKs Pre-Assistance Employment Readiness Program (PAERs).** The May Revision proposes to implement the PAERs program effective October 1, 2008 for estimated savings of \$4.5 million in combined State and Federal funds. Under this program, able-body applicants would be placed in this program for 120 days. In order to move to CalWORKs, families must become employed for sufficient hours to meet the Federal work requirements, or sign a welfare-to-work plan, unless they can establish that they are exempt from that requirement. Families who fail to meet at least one of these requirements would not be allowed to enter CalWORKs. Aid would be restored to families who subsequently meet the requirements. The Administration indicate this proposal would help the State meet increased Federal work participation requirements.

**CalWORKs Self-Sufficiency Review.** The May Revision proposes to require county eligibility workers to conduct face-to-face self-sufficiency reviews with CalWORKs participants every six months to assess services needed to assist the participant to increase work participation or remove barriers to work participation. The Administration assumes this proposal will result in CalWORKs grant savings of \$69.9 million in combined State and Federal funds. The proposal includes \$8.2 million for county administrative activities and would be effective on October 1, 2008.

**CalWORKs Child Care.** The Governor's Proposed Budget provided \$420 million for Stage 1 Child Care. The May Revision proposes \$560.3 million for this program.

**CalWORKs Cost of Living Adjustment (COLA).** The Governor's Proposed Budget provided \$134.4 million to increase CalWORKs grants 4.25 percent effective July 1, 2008. The May Revision proposes to eliminate the July 1, 2008 COLA.

**CalWORKs Grant Reduction.** The May Revision proposes a five percent reduction to the CalWORKs cash grant effective October 1, 2008 for a savings of

**\$108.2 million. This proposal would reduce the CalWORKs grant for a family of three from \$723 per month to \$687 per month.**

**California Food Assistance Program (CFAP).** The May Revision retains the Governor's Budget proposal to reduce CFAP benefits by 10 percent. **However, the proposal would be implemented effective October 1, 2008 rather than July 1, 2008 for State General Fund savings of \$2.4 million.** The Governor's Proposed Budget estimated savings of \$2.5 million. There is no direct impact to the County. However, this proposal would reduce CFAP benefits \$9.58 per person per month.

**Cash Assistance Program for Immigrants (CAPI).** The May Revision proposes to eliminate CAPI effective August 1, 2008 for a State General Fund savings of \$111.2 million. As a result, an estimated 5,630 aged and disabled legal immigrants in Los Angeles County would lose CAPI benefits. If 100 percent of those individuals apply for and are determined eligible for General Relief, this would result in an estimated net County cost of \$13.7 million in FY 2008-09 for the period August 1, 2008 through June 30, 2009. The annualized cost is estimated at \$14.9 million.

**Food Stamp Administration.** The May Revision retains the Governor's Budget proposal to reduce county administrative funding by four percent for a combined savings of \$34.9 million (\$14.4 million State and \$20.5 million Federal). Due to increases in the Food Stamp program's caseload, this proposal will not result in a direct decrease in funding for the County; however, because the State has not granted a cost of doing business adjustment since June 2001, Food Stamp administration remains under funded.

**Statewide Fingerprint Imaging System (SFIS).** The May Revision retains the Governor's Budget proposal to provide \$8.3 million to maintain SFIS.

**Los Angeles Eligibility, Automated Determination, Evaluation and Reporting (LEADER) System.** The Governor's Proposed Budget provided \$12.6 million for LEADER and \$1.3 million for the LEADER replacement system. **The May Revision provides \$12.1 million for LEADER and \$1.4 million for the LEADER replacement system.**

**In-Home Supportive Services (IHSS).** The Governor's Proposed Budget reduced IHSS domestic and related services by 18 percent. This will reduce services to IHSS recipients an average of six hours per month for a State savings of \$109.4 million. The proposal would result in a reduction in service hours for an estimated 160,679 IHSS recipients in Los Angeles County for an estimated net County cost savings of \$23.0 million. **The May Revision eliminates this proposal and would instead eliminate IHSS domestic and related services for recipients determined to have lower service needs for an estimated State savings of \$52.0 million. Further analysis is needed to determine the impact of this proposal to the County.**

**IHSS Administration.** The May Revision retains the Governor's Budget proposals to reduce county administrative funding by 10 percent and changes the implementation date from July 1, 2008 to October 1, 2008. The revised estimate assumes State savings of \$11.0 million and a reduction of \$10.9 million in Federal Medicaid reimbursements for a total reduction of \$21.9 million. The estimated loss to the County is \$7.6 million.

**IHSS Provider Wages.** The May Revision proposes to reduce State participation in costs of IHSS provider wages and benefits to the minimum wage rate of \$8.00 per hour effective October 1, 2008 for a State General Fund savings of \$186.6 million. The current IHSS wage rate in Los Angeles County is \$9.00 per hour. The agreement between the Personal Assistance Services Council and the County states that in the event the State's share of the IHSS wage becomes unavailable, the County's obligation for any wage above minimum wage could be terminated and would be a significant Board policy decision. However, if the County continues to maintain the IHSS wage at the current rate, this proposal could result in a net County cost increase of \$48.6 million in FY 2008-09 and \$64.8 million annually.

**Medi-Cal Eligibility Determination.** The May Revision retains the Governor's Budget proposals to eliminate continuous 12-month eligibility to benefits for children and reinstitutes quarterly reporting for State savings of \$92.2 million. This would affect an estimated 56,936 children in Los Angeles County who would be at risk of losing health care benefits. The May Revision appears to delay the implementation of this proposal. Further analysis is needed to confirm any revised changes and impact to the County.

**Medi-Cal Administration.** The May Revision retains the Governor's Budget proposals to reduce county administration by \$142.2 million. Further review is needed to determine if the estimated savings were updated in the May Revision. Based on the January Budget, the proposals:

- Reduce the county administration base by 2.5 percent for a State General Fund savings of \$15.3 million and a total reduction of \$30.6 million in combined State and Federal funds;
- Eliminate the county administrative caseload growth for a State General Fund savings of \$33.4 million and a total reduction of \$66.8 million in combined State and Federal funds;
- Eliminate the cost-of-living adjustment for eligibility workers, administrative and support staff for a State General Fund savings of \$22.4 million and a total reduction of \$44.8 million in combined State and Federal funds.

These proposals would result in an estimated County loss of \$50.1 million. The reduction in Medi-Cal administrative funding will directly impact the County's ability to

determine Medi-Cal eligibility for low-income families and children. The proposals will also limit the County's ability to continue outreach services to enroll eligible families in both the Medi-Cal and Healthy Families programs.

**Medi-Cal 1931(b) Program.** The May Revision proposes to reduce benefits for low-income families who would qualify for zero share of cost Medi-Cal benefits for a State savings of \$31.2 million in FY 2008-09. Further analysis is required to determine the impact of this proposal.

**Medi-Cal Monthly Reporting Requirement for Undocumented Immigrants.** The May Revision proposes to implement a monthly eligibility reporting requirement for undocumented immigrants who receive emergency Medi-Cal benefits for an estimated State savings of \$42.0 million. Further analysis is required to determine the impact of this proposal.

**Medi-Cal Eligibility.** The May Revision proposes to limit benefits for newly qualified immigrants and immigrants who permanently reside under the color of law for estimated State savings of \$86.7 million. Further analysis is required to determine the impact of this proposal.

**Supplemental Security Income/State Supplementary Payment (SSI/SSP) COLA.** The Governor's Proposed Budget suspended the COLA for State savings of \$330.2 million. This proposal will limit resources for needy aged, blind and disabled persons throughout the State. The May Revision proposes that the State retain the January 2009 Federal SSI COLA rather than pass it through to recipients for an additional State savings of \$108.8 million.

**Adult Protective Services (APS).** The May Revision retains the Governor's Budget proposal to reduce funding for the APS program by \$6.1 million and assumes the loss of an additional \$5.3 million in Federal Medicaid reimbursements for health-related services provided under APS for a total reduction of \$11.4 million. The estimated reduction to the County is \$2.6 million and would result in over 4,400 fewer APS investigations which may increase incidents of potential elder and dependent adult abuse and neglect.

**Senior Nutrition Programs.** The May Revision retains the Governor's Budget proposal to reduce funding for congregate and home delivered meals by \$569,000. The proposed reduction would result in an estimated annual loss of 5,234 congregate meals and 3,326 home-delivered meals for seniors living in Los Angeles County.

**Child Welfare Administration.** The May Revision retains the Governor's Budget proposal to reduce funding for Child Welfare Services by 11.4 percent for State savings of \$83.7 million, and assumes a reduction of \$45.9 million in Federal funds for a total reduction of \$129.6 million. This proposal would result in an estimated County loss of \$25.6 million and a reduction in services to over 37,000 children.

**Child Welfare Services.** The May Revision retains the Governor's Budget proposal to reduce foster care provider payments, **but delays implementation from July 1, 2008 until October 1, 2008 for State savings of \$123.7 million.** Reduced payments to foster care providers would negatively impact providers and the quality of life of children in foster care. The Governor's Budget would result in an estimated net County cost savings of \$18.2 million with a July 1, 2008 implementation date. Further analysis is needed to determine the impact of the October 1, 2008 implementation.

**Transitional Housing Program-Plus.** The May Revision retains the Governor's Budget proposal to provide \$40.8 million to fund housing and supportive services for former foster youth 19 to 24 years of age.

**Child Support Services.** The Governor's Proposed Budget provided \$196.9 million for local agency administrative costs, approximately the same level of funding provided in the current year. **We are unable to confirm any changes in the May Revision.**

**Child Support Pass-Through.** The Governor's Proposed Budget increases the amount of the child support passed through to CalWORKs families from \$50 to \$100 effective January 1, 2009. **We are unable to confirm any changes in the May Revision.**

**Full Restoration of Human Services Programs.** The May Revision does not include a proposal to restore the State process of budgeting human services programs based on reasonable costs in order to adequately fund cost of doing business adjustments for counties. Since June 2001, the State has not granted any cost of doing business adjustments for counties to administer various mandated human services programs on behalf of the State. These programs include: Adoptions, Adult Protective Services, CalWORKs, Child Welfare Services, Food Stamps Administration, Foster Care Eligibility, and In-Home Supportive Services. As a result, responsibility for cost increases for salaries, health benefits, workers compensation, leases, utilities, and other related costs have been shifted to counties. According to an estimate prepared by CSAC, the California Welfare Directors Association (CWDA), and the Urban Counties Caucus (UCC) in 2007, the State's failure to fund cost of doing business adjustments has shifted an estimated \$793 million per year to counties. Based on that amount, the estimated impact on the County is approximately \$238 million annually. CSAC, CWDA and UCC have formed a task force to develop a strategy to pursue proposals that restore a process that provides cost of doing business adjustments for counties.

### **Justice and Public Safety**

**Mentally Ill Offender Crime Reduction Grants (MIOCR).** The May Revision retains the Governor's Budget proposal to provide \$40.1 million for MIOCR Grants, a reduction of \$4.5 million from FY 2007-08. Since this is a competitive grant, the future impact to the County cannot be determined at this time.



**Juvenile Probation Camp Funding.** The May Revision retains the Governor's Budget proposal to provide \$181.3 million in funding for juvenile probation camps, a reduction of \$20.1 million from FY 2007-08. The estimated impact to the County is \$8 million. **The May Revision, however, proposes to fund \$151.8 million of this program with Temporary Assistance for Needy Families funding instead of State General Funds.**

**Office of Gang and Youth Violence Policy.** The May Revision retains the Governor's Budget proposal to provide \$1.3 million to establish the Statewide Office of Gang and Youth Violence Policy. This office was established pursuant to AB 1381 (Chapter 459, Statutes of 2007) and will be responsible for the identification and evaluation of violence suppression, intervention, and prevention programs at the local, State and Federal levels.

**Juvenile Justice Crime Prevention Act.** The May Revision retains the Governor's Budget proposal to reduce funding by 10 percent which would result in an estimated \$3.3 million reduction to the County.

**Citizens' Option for Public Safety.** The May Revision retains the Governor's Budget proposal to reduce funding by 10 percent which would result in an estimated \$900,000 loss to the County.

**AB 900 Local Jail Bond Funding.** The May Revision retains the Governor's Budget proposal to sustain bond funding of \$750 million in Phase I and \$470 million in Phase II for the construction and renovation of local jail facilities. In the May 8, 2008, hearing of the Correctional Standards Authority, \$33.7 million in bond authority was granted to Los Angeles County to add 1152 county jail beds.

**Vertical Prosecution Grants.** The May Revision retains the Governor's Budget proposal to reduce Vertical Prosecution Grants by \$1.6 million. These funds support local district attorney offices in prosecuting more complicated criminal cases by allowing the use of dedicated resources for these cases.

**Gang Suppression Enforcement Teams.** The May Revision retains the Governor's Budget proposal to include \$5.3 million to fund State Gang Suppression Enforcement Teams. These teams provide multi-jurisdictional law enforcement resources to address criminal gang activities. The impact to the County would be \$50,000.

**California Multi-Jurisdictional Methamphetamine Enforcement Team.** The May Revision retains the Governor's Budget proposal to include ongoing funding of \$20.1 million to provide resources for investigators and prosecutors specializing in methamphetamine offenses to reduce production and distribution. The impact to the County is estimated at \$170,000.

**Booking Fee Subvention.** The May Revision retains the Governor's Budget proposal to reduce \$3.5 million in booking fee subvention. The estimated loss to the Sheriff is

\$70,000. The State is granting local jurisdictions the ability to increase booking fees by an amount commensurate to the reduction in the subvention.

**Property Insurance Surcharge.** The Governor's Budget proposed a 1.25 percent surcharge on commercial and residential property insurance. Annual State proceeds from the surcharge were estimated at \$104.9 million. Funds would be used to enhance the State's firefighting capabilities and would be provided to CalFIRE, Office of Emergency Services and the National Guard. **The May Revision proposes a 1.40 percent surcharge on insurance policies on structures in designated high hazard zones. In addition, those structures in low hazard zones would pay a .75 percent surcharge.** Due to the delay in implementing the surcharge, the May Revision proposes a \$30 million loan for FY 2008-09 to support the State's firefighting capabilities. This loan would be repaid no later than June 30, 2012.

**Regional Operational Readiness.** The May Revision retains the Governor's Budget proposal to increase funding by \$3.2 million to increase staffing at the three regional offices of the Office of Emergency Services to enhance coordination of emergency preparedness, response and recovery operations throughout the State.

**State Re-Entry Facility Funding.** The May Revision retains the Governor's Budget proposal to redirect \$1.625 billion in State bond funding intended to support the construction of inmate re-entry facilities to be sited in local communities. The redirected funds would be set aside to address the needs of the Federal Court with regard to a lawsuit related to the conditions of confinement in State prisons.

**Workers' Compensation Insurance Fraud.** The May Revision retains the Governor's Budget proposal to include \$4 million to the Department of Insurance to assist local district attorneys in the prosecution of workers' compensation fraud.

### Transportation

**State Highway Operation and Protection Program (SHOPP).** The May Revision reduces funding for SHOPP by \$100 million due to further declines in projections for gasoline excise tax (per gallon) revenues. Total excise tax revenues are projected to be \$225 million lower in FY 2008-09. Approximately \$125 million in carryover funds from FY 2007-08 will be available to offset a portion of the shortfall.

**Transportation Loans.** The May Revision proposes to loan \$238.1 million to the State General Fund from various transportation accounts, including: \$200 million from the State Highway Account (SHA); \$8 million from the Motor Vehicle Fuel Account; \$6 million from the Bicycle Transportation Account; \$4.4 million from the Environmental Enhancement and Mitigation Program Fund; and \$1.8 million from the Pedestrian Safety Account.

The loans are proposed only from those funds in which the loss of revenue will not result in any impact to the programs supported by the fund, will not require fee increases, and will not need to be repaid prior to FY 2010-11. Budget Trailer legislation is proposed to provide the SHA authority to borrow from the Pooled Money Investment Account to reduce the need to carry a large cash balance. With the ability to borrow from the Pooled Account, the borrowing of \$200 million from the SHA will not affect any projects funded through the program.

**Proposition 42.** The Governor's Budget proposed to fully fund Proposition 42 at \$1.5 billion, including \$83 million for loan repayment pursuant to Proposition 1A of 2006, \$594 million to the State Transportation Improvement Program (STIP), \$297 million to the Public Transportation Account, and \$594 million to cities and counties for local streets and roads maintenance. The Department of Public Works (DPW) indicates the County's share of the local streets and roads maintenance funding from Proposition 42 is approximately \$58 million. Also, DPW indicates that of the \$594 million for the STIP, approximately \$99 million will be allocated to projects in the Los Angeles region.

The May Revision proposes to continue to fully fund Proposition 42. However, revenue is now projected to decrease to \$1.43 billion due to reduced consumption of gasoline. As a result, the revised allocations would be \$572 million to the STIP, \$286 million to the Public Transportation Account, and \$572 million to cities and counties for local streets and roads maintenance. DPW indicates the County's revised share of the local streets and roads maintenance funding from Proposition 42 is approximately \$55 million, which represents a \$3 million decrease from the Governor's Proposed Budget. In addition, DPW indicates that of the \$572 million for the STIP, approximately \$95 million will be allocated to projects in the Los Angeles region.

**Transportation Bond - Proposition 1B.** The May Revision retains the Governor's Budget proposal to allocate \$4.7 billion in bond funds, including: \$1.547 billion for Corridor Mobility; \$350 million for Local Transit Program; \$1.186 billion for the State Transportation Improvement Program; \$500 million for Trade Corridors; \$200 million for State/Local Partnerships; \$216 million for the State Highway Operations and Protection Program; \$65 million for the Grade Separation Program; \$108 million for Highway 99; \$21 million for Local Seismic Retrofit; \$73 million for Intercity Rail; \$400,000 for School Bus Retrofit; \$250 million for Air Quality; \$101 million for Transit Security; and \$58 million for Port Security. Also, the Budget proposes an additional \$3.2 million to fund workload increases associated with the implementation and administration of Proposition 1B bond funds.

DPW indicates that no funds are allocated for the Local Streets and Roads Program and there is \$600 million remaining under this program to be allocated to counties in the State by formula distribution. The County of Los Angeles expects to receive approximately \$117 million from these funds.

**Tribal Gaming Proceeds.** The Governor's Proposed Budget indicated that several lawsuits have prevented the bonds from being sold, and the projected date that the tribal bond revenues will be available has changed numerous times. The Proposed Budget assumed spending the tribal compact cash as it is received until the date that the sale of bonds can be determined. The Governor's Budget proposed to deposit \$100 million into the State Highway Account. Local jurisdictions, including Los Angeles County, are recipients of part of these funds through competitive grants. **The May Revision includes a State General Fund revenue projection of \$446.7 million in FY 2008-09 from tribal gaming compacts. This amount represents an increase of \$16.3 million over the Governor's Proposed Budget.**

**Rail Operations.** The May Revision retains the Governor's Budget proposal to provide \$106 million to manage and coordinate intercity rail passenger services that provide commuters with a range of transportation options, help to improve the State's air quality, and reduce highway congestion and fuel consumption.

### **Housing**

**Housing Bond - Proposition 1C.** The May Revision retains the Governor's Budget proposal to provide \$771 million in awards to the following program areas authorized by Proposition 1C: \$188 million for affordable homeownership programs; \$190 million to provide affordable rental housing; \$40 million for farmworker housing; \$24 million for emergency housing assistance; \$200 million for the Infill Incentives Grant Program; \$95 million for transit-oriented development; and \$30 million for Housing Urban-Suburban and Rural Parks Program to create incentives to increase housing production by rewarding local governments with grant funds to create or improve well designed parks. Overall, the \$771 million represents a decrease of \$202 million from FY 2007-08.

**Proposition 46.** The May Revision retains the Governor's Budget proposal to spend \$36.8 million from Proposition 46 (Housing and Emergency Shelter Trust Fund Act), which will fully expend the bond funds.

### **Natural Resources and Environmental Protection**

**Air Quality Improvement Fund.** The May Revision proposes an additional \$49.7 million in Special Funds to achieve surplus emission reductions from on- and off-road heavy-duty vehicle and equipment projects, as well as funding to support cost recovery litigation and enforcement cases related to hazardous waste sites and illegal disposal.

**Proposition 84 (Clean Water, Parks, and Coastal Protection Act of 2006).** The May Revision proposes to obtain \$13.5 million from the \$1 billion in Proposition 84 bond funds for integrated regional water management projects to fund a State commitment to the Colorado River water management projects, resulting in State General Fund savings. DPW and the Los Angeles County Flood Control District

participate in three local Integrated Regional Water Management Program (IRWMP) efforts and indicate that the proposal to allocate \$13.5 million from Proposition 84 would leave fewer funds available on a competitive basis for their projects.

**Proposition 1E (Disaster Preparedness and Flood Prevention Act of 2006).** The May Revision proposes to obtain \$20.4 million from Proposition 1E to provide for a required annual transfer of funds to the Habitat Conservation Fund, resulting in State General Fund savings. DPW indicates that since Proposition 1E funds are proposed to be made available on a competitive basis, this would reduce the funding available for critical flood protection projects in Los Angeles County.

**Natural Resources Management.** The May Revision retains the Governor's Budget proposal to provide \$1 billion in Proposition 84 funds for natural resources programs, including: \$350 million to the Department of Water Resources for regional projects that increase water supplies, encourage water conservation, improve water quality, and reduce dependence on exported water; \$89.1 million for the State Coastal Conservancy to restore coastal wetlands and watersheds and promote public access to the coast; \$16.7 million to the State Department of Parks and Recreation for deferred maintenance, interpretive exhibits, and cultural and natural stewardship projects at state parks; \$26.4 million for the Ocean Protection Council to develop marine protected areas and enhance habitat for marine species; \$33.3 million for the California Conservation Corps and local conservation corps for public safety and watershed restoration projects; and \$15.8 million for the Department of Water Resources to complete feasibility studies for surface water storage projects, evaluate climate change impacts on the State's water supply and flood control systems, and develop a strategic plan for the sustainable management of the Sacramento-San Joaquin Delta's water supplies and ecosystem. DPW indicates that the Antelope Valley's Integrated Regional Water Management Plan contains many projects that meet the requirements for funding from the \$350 million allocation for regional projects.

**Water Quality.** The May Revision retains the Governor's Budget proposal to provide \$100.5 million in local assistance from Proposition 84 for the State Water Resources Control Board to continue water quality programs, including: \$46.1 million for the Clean Beaches Grant Program; \$44.8 million for the Urban Stormwater Grant Program; \$7.8 million for the Agricultural Water Quality Grant Program; and \$1.7 million to provide low interest loans or grants for wastewater treatment facilities and pollution control projects. DPW indicates that the County should be eligible to receive funding from the Clean Beaches Grant Program and the Urban Stormwater Grant Program.

**Flood Control.** The May Revision retains the Governor's Budget proposal to provide \$598.3 million from Proposition 1E and Proposition 84 bond funds for urgent flood control needs, including: \$461.1 million to provide flood control subventions to local governments, and to provide grants for urgent repairs and improvements of levees in the Central Valley and Delta; \$126.5 million for levee evaluations and the repair of

critical levee erosion sites; and \$10.7 million for five flood control capital projects in Northern California.

**AB 32 – Global Warming Solutions Act.** The May Revision retains the Governor's Budget proposal to provide \$5.6 million to the Air Pollution Control Fund to continue implementation of programs and strategies to reduce greenhouse gas emissions and other contributing factors to global warming. AB 32 requires greenhouse gas emissions to be reduced to 1990 levels by 2020 and authorizes the development of a market-based compliance program.

**Environmental Protection Programs.** The May Revision retains the Governor's Budget proposal to reduce funding by \$8.3 million for the Environmental Protection Agency, including \$4.3 million for the State Water Resources Control Board for various programs, including Total Maximum Daily Load assessment, non-point source programs, and the National Pollution Discharge Elimination Systems Program.

**State Park System.** The Governor's Proposed Budget reduced funding to California Department of Parks and Recreation by \$13.3 million affecting the State Park System. This proposed reduction would have resulted in the closure of 48 State parks including 5 State facilities located in Los Angeles County. The affected State parks are Topanga State Park, Will Rogers State Historic Park, Pio Pico State Historic Park, Santa Susana Pass State Historic Park, and Los Encinos State Historic Park. The County has provided funding support for the Pio Pico State Historic Park. **The May Revision proposes \$13.3 million (\$1.5 million from increased State park fees at selected State parks where the effect on attendance would be minimal) in funding for the California Department of Parks and Recreation to allow the State parks targeted for closure to remain open.**

**Renewable Energy.** The May Revision retains the Governor's Budget proposal to provide \$100.9 million to the California Energy Commission to begin implementation of the Alternative and Renewable Fuel and Vehicle Technology program to develop and deploy new alternative fuel and vehicle technologies.

**Fleet Modernization.** The May Revision retains the Governor's Budget proposal to augment the Air Quality Improvement Fund by \$1.6 million to develop and implement the Air Quality Improvement Program and Enhanced Fleet Modernization program.

**On- and Off-Road Mobile Sources.** The May Revision retains the Governor's Budget proposal to provide \$8.5 million to focus on the Air Resources Board's implementation and enforcement efforts related to controlling toxic diesel particulates from on- and off-road mobile sources. These include regulations relative to in-use off-road diesel vehicles, composite wood formaldehyde emissions, and diesel auxiliary engines for port and ocean-going vessels.